

Land O'Lakes, Inc. Dairy Foods



WESTERN REGION

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Director Member Relations & Milk Procurement

Land O'Lakes appreciates the opportunity to testify today. We represent 280 Calif. members and 4,200 nationwide. Our members produced over 36.4 billion pounds in 2004. We have members located in all parts of Calif. with the majority in the Central Valley.

I know you are keenly aware of the importance of agriculture in the Central Valley of California, and its impact on our culture and economy. I know that you understand that the dairy industry is our largest agricultural sector, generating more than 120,000 jobs statewide through our dairy farms and dairy products processing facilities, and tens of thousands more in the retailing and service industries.

You are also keenly aware of the rapid urbanization going on in the Valley, and the impact this has on agriculture and our environment. Increased air pollution and impacts on our water resources has led – as it should – to increased concern by our environmental regulatory agencies. Regulatory impacts are getting tougher on all businesses, including agriculture, and many of us are feeling that impact. In some cases, the impact is so severe that we are concerned about the agriculture sector's ability to continue to grow, develop and prosper in California.

We in the dairy industry recognize the need for all of us to work together to protect our air and water resources. We firmly believe that California's Central Valley will be better off in the long run, both environmentally and economically, with a healthy, strong and prosperous agricultural industry. Indeed, agriculture presents a unique way to secure our ability to feed, clothe and employ our people in harmony with the environment we all share; perhaps this opportunity for environmental harmony is greater in agriculture than in any other industry. In the dairy industry, we have invested tremendous resources in exploring this opportunity, through programs such as biogas digesters, a source of green renewable energy, and through recycling manure nutrients to grow crops which serve as feed for our dairy cattle, creating a sustainable recycling program.

With the new regulatory focus on agriculture in general and dairies in particular, USDA can help to ensure a future for California that includes a vibrant dairy industry. USDA can provide leadership in two areas:

--partnering with its environmental regulatory agencies to ensure that regulations allow us to move forward with a balance of environmental and economic sustainability. This can include not only assisting in developing appropriate policies, but continuing to develop programs that assist farmers in meeting environmental objectives, and research to develop practical alternatives for farmers.

We support *maintaining the farm income safety net*. For Land O'Lakes members in California, the main income support comes from the dairy price support program.

Finally, Land O'Lakes supports a greater involvement of farmer cooperatives in farm bill programs. Cooperatives like Land O'Lakes have a long-standing, close relationship to agricultural producers. We have a history of helping farmers benefit from value-added marketing and working with them to comply with government regulations. The new farm bill should look for ways to enhance the relationship between farmers and cooperatives in the implementation of commodity, conservation, and environmental programs.

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